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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #01255-84
24 February 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council *8*

FROM: David D. Gries *DDG*
National Intelligence Officer for East Asia

SUBJECT: Update on East Asia

While you were gone:

- Marcos appeared to have lost his political touch in managing two otherwise unimportant events in the Philippines;
- the Chinese sent a higher-level delegation to Andropov's funeral than to Brezhnev's, but elicited a Soviet snub that may slow efforts to reduce tension between Beijing and Moscow;
- South Korea replied to North Korea's letter calling for tripartite talks on a peace treaty and US troop withdrawal with a counterproposal for North-South talks on reunification;
- and the Vice President's follow-up on trade problems with Japan remains on track

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The Philippines. Many observers question whether Marcos is losing his political touch as a consequence of two recent incidents. In the first, an event that had attracted little interest was transformed into a huge demonstration when police arrested a group of athletes who were staging an anti-government run from the provinces through Manila to the airport. In the second incident, the Airport Security Command, the same organization that was involved in Aquino's assassination, arrested former Senator Laurel at the airport as he was about to board a plane enroute to the US. Although released the next day when the charge of carrying a weapon was dropped, the arrest transformed Laurel's quiet departure into another major anti-government incident. Marcos' timing was particularly bad, since the Solarz Committee is about to begin hearings on the \$9 hundred million dollar bases package for the Philippines; Laurel could well be called as a witness.

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Imelda was in Washington recently and met Mrs. Reagan at a "tea party". The NSC has asked other officials to decline contact. You should also try to avoid Imelda if she calls you.

China. The highest level delegation China has sent to Moscow in twenty years got nothing more than a reception from First Deputy Premier Aliyev, who is the closest possible counterpart to Wan Li, the leader of the Chinese group. Deputy Foreign Minister Kapitsa, who is Moscow's China expert, was notable by his absence. A Chinese condolence message to the Supreme Soviet was also warmer than one sent after Andropov's death, and was signed by President Li Xiannian, whereas the earlier message was sent unsigned. Although Chinese reasoning remains obscure, it is clear that the Chinese have deliberately exceeded the requirements of protocol. Thus far the Soviets have not reacted.

South Korea. South Korea has counterproposed North-South talks on reunification in response to North Korea's call for tripartite talks on a peace treaty and US troop withdrawal--to be followed by North-South talks on reunification. Next week the US will query the Chinese in Beijing on Chinese reactions, but all signs point to firm Chinese support for North Korean positions. There was a [] public exchange on Korea during the Hawke visit to Beijing: []

[] Zhao Ziyang told Hawke publicly that China supported the North Korean proposal for a confederation on the peninsula.

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In sum, there is considerable posturing, little hope for significant change in North Korea's position, and a glimmer of interest by the Chinese in starting talks--if Washington is willing to take the lead and the risks. You will want to discuss this more fully with Ambassador Walker when you see him on 6 March.

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There were also some operational developments on narcotics you should know about:

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- The CIPC report on narcotics has gone to press, and [] is writing a study on whether CIA should assign a man to the Vice President's Office to coordinate intelligence support for the National Narcotics Border Interdiction System.
- The narcotics Estimate on financial flows is nearing completion and will be reviewed at a conference in Miami of DDI and DDO specialists. Work is also winding up on a novel effort to create a computer model that uses heroin purity data to predict heroin imports.
- Finally, State has asked for an Interagency Assessment by early March on attitudes of the Bahamian government towards narcotics control issues.

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Also while you were gone, final drafting prior to coordination was completed on Estimates on Sino-Soviet relations, Soviet policy in East Asia, and Chinese attitudes towards President Reagan's visit.


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